

Message Text

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SUBJ: MAJOR PROJECT: SRI LANKA SEEKS MINERAL SANDS TECHNOLOGY

1. THE PUBLIC SECTOR CEYLON MINERAL SANDS CORPORATION (CMSC) IS INTERESTED IN ESTABLISHING A JOINT VENTURE WITH A FOREIGN FIRM TO FURTHER PROCESS ILMENITE FOR EXPORT. THE FOREIGN COMPANY WOULD BE EXPECTED TO PROVIDE THE PROCESS KNOWHOW AND EQUIPMENT AND TO GUARANTEE THE EXPORT OF ALL PRODUCTS NOT CONSUMED LOCALLY.

2. MINERAL SANDS CORPORATION HAS THREE ALTERNATIVE PROCESSES UNDER CONSIDERATION WITH THE PRODUCTION OF TITANIUM DIOXIDE AS THE ULTIMATE GOAL. SUBJECT TO THE PROCESS ADOPTED, ONE OF THE THREE FOLLOWING PLANTS WOULD BE SET UP AT CMSC'S PULMODDAI BEACH SANDS PROJECT ON THE EAST COAST: (1) A PLANT FOR THE PRODUCTION OF TITANIA SLAG WITH PIG IRON AS A BY-PRODUCT; OR (2) A PLANT FOR THE PRODUCTION OF SYNTHETIC RUTILE OR (3) A PLANT FOR THE PRODUCTION OF TITANIUM DIOXIDE. FOR PLANTS 1 & 2 THE CMSC HAS IN MIND A SECOND STAGE DEVELOPMENT TO PRODUCE TITANIUM DIOXIDE. THE FOREIGN FIRM WOULD BE REQUIRED TO UNDERTAKE A FEASIBILITY STUDY TO DETERMINE THE MOST
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EFFECTIVE PROCESS.

3. IN 1975, TESTS CONDUCTED BY THE USSR ON PULMODDAI ILMENITE USING WOOD CHARCOAL PRODUCED TWO SATISFACTORY TYPES OF TITANIUM SLAG. ONE WAS SUITABLE FOR THE SULPHATE PROCESS AND THE SECOND WAS A CHLORINATION GRADE SLAG. LAB SAMPLES OF BOTH

TYPES WERE SENT TO THREE U.S. FIRMS - DUPONT, STRATEGIC RE-SOURCES/ NL INDUSTRIES AND THE NEW JERSEY ZINC COMPANY, BUT NO ANALYSIS HAS BEEN REPORTED.

4. UNDER PHASE I EXPANSION PROGRAM, CMSC RECENTLY COMPLETED THE EXPANSION AND INTEGRATION OF ITS FACILITIES AT PULMODDAI AT AN ESTIMATED COST OF \$12 MILLION INCLUDING A FOREIGN EXCHANGE COMPONENT OF \$5.2 MILLION PROVIDED BY THE ASIAN DEVELOPMENT BANK. THIS INCLUDED THE TRANSFER OF THE RUTILE/ZIRCON PLANT FROM CHINA BAY NEAR TRINCOMALEE AND THE INSTALLATION OF NEW EQUIPMENT. THE COMPLEX NOW HAS AN ANNUAL INSTALLED CAPACITY OF 85,000 - 95,000 LONG TONS (LT) OF ILMENITE, 12,000 - 14,000 LT OF RUTILE AND 6,000 - 8,000 LT OF ZIRCON FROM THE PROCESSING OF 130,000 LT OF RAW SAND PLUS RECLAIMED TAILINGS FROM ACCUMULATED DUMPS GKANIEAT PHWMODDAI AS A RESULT OF PAST PROCESSING OPERATIONS. THE NON-MAGNETIC TAILINGS FROM THE ILMENITE PLANT ARE COMBINED WITH RECLAIMED TAILINGS AND FED INTO THE RUTILE/ZIRCON PLANT FOR THE RECOVERY OF THESE MINERALS PLUS SOME HIGH TITANIA ILMENITE. ABOUT 300 LT OF CRUDE MONAZITE CONTAINING 70 PERCENT MONAZITE ARE ALSO PRODUCED AND STOCKPILED ANNUALLY. AUSTRALIAN MINERAL DEVELOPMENT LABORATORIES HAVE BEEN THE CONSULTANTS ON THIS PROJECT. CAPCO, (JACKSONVILLE, FLA.) HAS BEEN A MAJOR SUPPLIER OF NEW EQUIPMENT FOR THE RUTILE/ZIRCON PLANT. THIS HAS INCLUDED MAGNETIC, ELECTRIC PLATE AND ELECTRO DYNAMIC HIGH TENSION SEPARATORS, DRYERS, CONVEYORS, BUCKET ELEVATORS, CONE UNCLASSIFIED

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FILTERS AND SOME MINERAL DRESSING LAB EQUIPMENT.

5. UNDER PHASE II EXPANSION TARGETED FOR 1986, ILMENITE CAPACITY IS TO BE RAISED TO 130,000 LT PER ANNUM (230,000 LT OF RAW SAND PER ANNUM). THIS IS DESIGNED MAINLY TO ENSURE AN ADEQUATE SUPPLY OF TAILINGS TO THE WET AND DRY MILLS FOR THE FURTHER RECOVERY OF RUTILE AND ZIRCON SINCE THE ACCUMULATED TAILINGS FROM EARLIER PROCESSING WILL BE EXHAUSTED BY THEM. CURRENT COST OF PHASE II IS PLACED AT \$2.44 MILLION.

6. AS OF JANUARY 1978, ESTIMATED RESERVES OF PULMODDAI MINERAL SANDS EXTENDING ALONG A FOUR-MILE BEACH AREA WERE PLACED AT 3.2 MILLION LT AT A CUTOFF GRADE OF 30 PERCENT HEAVY MINERALS. THIS IS SUFFICIENT TO LAST NEARLY 18 YEARS BASED ON THE PLANNED SECOND STAGE EXPANSION. TOTAL AVAILABLE HEAVY MINERALS IN THE ORE RESERVES AND ACCUMULATED TAILINGS ARE ESTIMATED AT 1.9 MILLION LT OF ILMENITE, 250,000 LT OF RUTILE AND 260,000 LT OF ZIRCON. PRESENT SANDS BEING MINED ARE RUNNING AT 70-80 PERCENT HEAVY MINERALS AND ARE CONSIDERED TO BE ONE OF THE RICHEST DEPOIST IN THE WORLD.

7. SINCE 1973, BOTH PRODUCTION AND EXPORT OF ILMENITE HAVE

DECLINED. THIS IS ATTRIBUTED PRIMARILY TO REDUCED IMPORTS BY JAPAN, THE PRINCIPAL CUSTOMER. FROM 92,000 LT IN 1973, PRODUCTION DECLINED TO 34,092 LT IN 1977 AND EXPORTS FROM 85,627 LT IN 1975 TO 194 LT IN 1977. THE CURRENT STOCKPILE OF ILMENITE IS 20,420 LT. CMSC OFFICIALS ARE SCHEDULED TO VISIT JAPAN IN FEBRUARY TO NEGOTIATE FUTURE SALES CONTRACTS.

8. ACCORDING TO LOCAL OFFICIALS AT PULMODDAI, RECENTLY VISITED BY THE RESOURCES ATTACHE, THE ILMENITE PLANT HAS BEEN CLOSED SINCE SEPTEMBER 1977. THE ONLY CURRENT OPERATION IS THE RUTILE/ZIRCON PLANT STARTED UP ABOUT THREE MONTHS AGO. THIS PLANT IS EXPECTED TO REACH OPTIMUM PRODUCTION IN ABOUT SIX MONTHS FOLLOWING THE NORMAL SHAKE DOWN PERIOD. RUTILE PRODUCTION AND EXPORTS HAVE ALSO BEEN OFF; PRODUCTION BY NEARLY UNCLASSIFIED

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A THIRD SINCE 1974 TO 1,040 LT IN 1977 AND EXPORTS FROM A HIGH OF 3,273 LT IN 1975 TO ONLY 194 LT IN 1977. THE TRANSFER AND EXPANSION OF THE RUTILE/ZIRCON PLANT WERE SAID TO BE IN THE CONTRIBUTING FACTORS TO LOW EXPORTS. UNTIL THE END OF 1977, ZIRCON PRODUCTION HAD BEEN NEGLIGIBLE. HOWEVER, CMSC ANTICIPATES A SIGNIFICANT IMPROVEMENT IN 1978 RUTILE AND ZIRCON PRODUCTION.

9. U.S. FIRMS INTERESTED IN THIS PROJECT SHOULD CONTACT THE CHAIRMAN, CEYLON MINERAL SANDS CORPORATION, 167 SRI VIPULASENA MAWATHA, COLOMBO 10, SRI LANKA. ADDITIONAL DETAILS ON THE MINERAL SANDS CORPORATION'S FACILITIES AND RESERVES ARE BEING POUCHED SEPARATELY.
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